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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	
	)	
Defining Primary Lines	)	CC Docket No. 97-181

AT&T OPPOSITION TO PETITIONS FOR RECONSIDERATION

Pursuant to Section 1.429 of the Commission's Rules, 47 C.F.R. § 1.429, and its Public Notice, Report No. 2330, published in 64 Fed. Reg. 30519 (June 8, 1999), AT&T Corp. ("AT&T") submits this opposition to petitions for reconsideration of the Commission's Report and Order, released March 10, 1999 ("Order"), adopting a location-based definition of primary residential line. Under this definition, only one residential line at a service location may be deemed "primary" and all other lines at that location are deemed non-primary. The one line that is "primary" pays a lower subscriber line charge ("SLC") and presubscribed interexchange carrier charge ("PICC") than those that are non-primary residential lines.[1]

1 These distinctions apply only to price cap local exchange carriers ("LECs"). At present, the SLC cap for these carrier' primary residential lines is $3.50 per month and the PICC cap is $0.53 per month. For non-primary residential lines, the SLC cap is $6.07 per month and the PICC cap is $1.50 per month. Order, paras. 8-9. On an annual basis, the per-line differential between a primary and non-primary residential line, assuming the LEC is priced at the cap for each element, is $42.48.

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Four petitions for reconsideration have been filed; three assert that application of the location definition is unfair to students in college dormitories,[2] and the fourth contends that it penalizes multi-family households.[3] None of these petitions warrants reconsideration of the Commission's location-based definition of primary line which properly limits such treatment to the one line at a service location that is necessary to preserve universal service and thus avoid undue cross-subsidies.

As the Commission explained, one of the key features of its access reform initiatives under the 1996 Telecommunications Act is to provide a rate structure that is more consistent with principles of cost-causation and thus more economically efficient. Order, paras. 7-8. Under a cost-causative rate structure, incumbent LECs should recover their traffic-sensitive costs of interstate access through per-minute charges and should recover the non-traffic sensitive costs of the loops through flat-rate charges. Under the original 1983 access charge scheme, flat-rate charges were expressly limited so that end users only paid a portion of their loop costs through the flat-rate SLC and the remainder of these costs – which did not vary with usage – were recovered through per-minute charges (*i.e.*, carrier common line charges ("CCLCs")) assessed against interexchange carriers ("IXCs"). In the *Access Reform Order*, the FCC decided

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2 These petitioners are: The Association for Telecommunications Professionals in Higher Education ("ACUTA"), Brown University ("Brown") and Moultrie Independent Telephone Company ("Moultrie"). Because Moultrie is not a price cap LEC, it is not subject to the FCC's current distinctions between primary and non-primary residential lines. Order, para. 3. Indeed, the Commission indicated that even if it decides to apply differential SLCs and PICCs to residential lines provided by rate-of-return LECs, it would address at that time how to define, identify and verify primary residential lines for such carriers. Id.

3 The party raising this issue is the People of the State of California and the California Public Utilities Commission ("California").

to phase-out the CCLC for price caps LECs, finding it to be economically inefficient, and to increase flat-rate recovery of loop costs through SLCs and PICCs.[4] The caps on SLCs and PICCs for primary residential lines have been kept artificially low to avoid any concern that increasing such charges might cause ends users to disconnect their phone service. "As a result of the various caps, the lines of customers that subscribe to single residential . . . lines are not assessed the entire cost of the loop. Until the access reform rate structure is fully phased in, these lines are subsidized by customers that subscribe to multiple business lines." Order, para. 9.

ACUTA/Brown/Moultrie contend that the Commission's rule unfairly increases the costs that colleges and universities will have to pay for student telephone lines. This is because previously each Centrex line into a dorm room had been treated as a primary line whereas under the location definition only one such line will be so classified. These parties contend that this result is unfair to students who are frequently "required" to live together rather than making a "mutual decision" to so reside (ACUTA at 3); determining which line is primary would be difficult because it is not billed directly to students but is factored into the overall housing cost (id. at 5); and it would not be evident which line was installed first at a dorm room (id. at 6). Although at Brown each dorm room currently has only one Centrex line which is part of the overall housing charge, Brown (at 2-3) indicates that it is planning to install additional lines so that each student will have his or her own line. At bottom, Brown (at 4) objects to the fact that the location definition "would result in a substantial increase in the University's overall telephone bill."

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4 Access Charge Reform, First Report and Order, 12 FCC Rcd 15982, 15998-99, 16004, 1600708, 16012-14 (1997) ("Access Reform Order"), *aff'd sub nom Southwestern Bell Tel. Co. v. FCC*, 153 F.3d 523 (8th Cir. 1998).

Although the location definition will not permit multiple lines at the same location to be treated as primary, this is exactly what the Commission intended. Order, para. 22. Consistent with the *Access Reform Order's* objective to increase flat-rate recovery of local loops, only one line at a residential location will be given primary line treatment. This one line is sufficient to connect the residents of that location to the telephone network and to place local and long distance calls. Indeed, the sufficiency of one line per dorm room is confirmed by the fact that even an Ivy League university, such as Brown, is only now considering installation of additional student lines. Moreover, it appears that a college or university could readily average the increased non-primary line charges across all student users given that the institution pays for the phone lines and include that in the dormitory room rate. Because of the relatively *de minimis* ($42 annual) difference between the SLC and PICC caps on primary versus non-primary lines, the cost increase to the university and ultimately its students is a small fraction of the cost of higher education and certainly provides no basis whatsoever for creating a special rule for multiple lines into dormitory rooms.

California (at 1) contends that treating only one residential line as primary at a given location penalizes multi-family households who reside together for economic reasons. California implies (at 5) that the rule undermines universal service goals by not enabling multiple subscribers in a single location to obtain telephone service at the same affordable rate. These contentions are incorrect. Universal service objectives are met when there is an affordable telephone line at every residential location, precisely as the Commission's rule allows. Typically, and contrary to California's hypothetical (at 11), if there is only one phone line in a multi-family location in the overwhelming majority of cases that line will be available to all residents, just as other conveniences (living room, kitchen, bathrooms, television) are shared in this living arrangement. The Commission thus properly found that "[g]enerally, . . only a single residential connection is necessary to permit all residents at a particular service location complete access to telecommunications and information services, including access to emergency services." Order, para. 16. As in the dormitory context, to the extent that residents in a shared multi-family location wish to have multiple telephone lines, they can pool the costs to reduce the impact of the somewhat higher SLCs and PICCs associated with non-primary residential lines.

Moreover, as the Commission pointed out, California was the only party in this proceeding to support a household-based definition, which would require gathering of invasive information concerning living arrangements through a self-certification mechanism that would be administratively burdensome given the large universe of customers. Order, para. 21. Now California suggests that the Commission should have adopted a subscriber definition, which would allow multiple subscribers at a single location to receive the lower primary line rates on each line. However, as the Commission properly found, the subscriber-based definition allows subscribers to game the process by obtaining multiple lines under different account names. Moreover, "universal services objectives are met so long as residents at a single location have access to one line at that location at the subsidized primary-line rates; allowing more than one such line per location excessively shifts costs onto other subscribers." Order, para. 22.

CONCLUSION

For the reasons stated above, the Commission should deny the Petitions for Reconsideration and continue to adhere to the location-based definition of primary residential line.

Respectfully submitted,

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June 23, 1999

CERTIFICATE OF SERVICE

I, Laura V. Nigro, do hereby certify that on this 23rd day of June 1999, a copy of the foregoing "AT&T's Opposition to Petitions for Reconsideration" was served by U.S. first class mail, postage prepaid, on the parties named on the attached Service List.

/s/ Laura V. Nigro

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